accenture

Institutional Eligibility

Process Improvement Opportunities

August 2001

This document represents the assumptions behind each of the process improvement opportunities. The contents have is largely uncoordinated with SFA and represents an initial pass at potential areas for cost savings, increased customer service and employee satisfaction.

Analysis Overview

Objective

This two-week analysis is meant to provide an understanding of the current Institutional Eligibility process area as well as identify a number of improvement opportunities which provide the greatest potential cost impact. These improvement opportunities should be used to set priorities for future, more detailed analysis which can result in implementation of expected savings.

In Scope For This Analysis

- Creation of Current State (As-Is) process maps showing E-App, Audits, Financial Statements, and Program Reviews from arrival until completion
- Creation of Future State (To-Be) process maps showing process improvement opportunities
- Collection of readily available data
- Estimations of annual savings for each savings opportunity (where possible)

Out of Scope For This Analysis

- Extensive data collection efforts (i.e., time-and-motion studies, statistical sampling, difficult research, etc.)
- Contractor processes
- Technical Assistance process
- New School Applications, School Closings (which are variations of the E-App process; not covered due to small volume and expected limited impact to cost savings)
- Appeals process for OHA, OGC

Fifteen improvement opportunities have been grouped into three themes:

- Increased Process Effectiveness
- Improved Analysis Capabilities
- Streamlined Processes

Due to the integrated nature of the analysis, it is expected that overlaps in savings estimates must be de-conflicted.

The contents has been reviewed but the details require significant additional verification and coordination with SFA. They represent an initial pass at potential areas for cost savings, increased customer service and employee satisfaction.

Accuracy of Estimates

- Rapid review performed based on available data and subjective approximations from Subject Matter Experts
- Savings are indicative only and should be used for prioritizing goals
- Additional work required to confirm actual savings as additional effort is performed
- Numeric data was sometimes rounded off to simplify calculations

Increased Process Effectiveness
1.1 Accept Financial Statements and Audits on Web

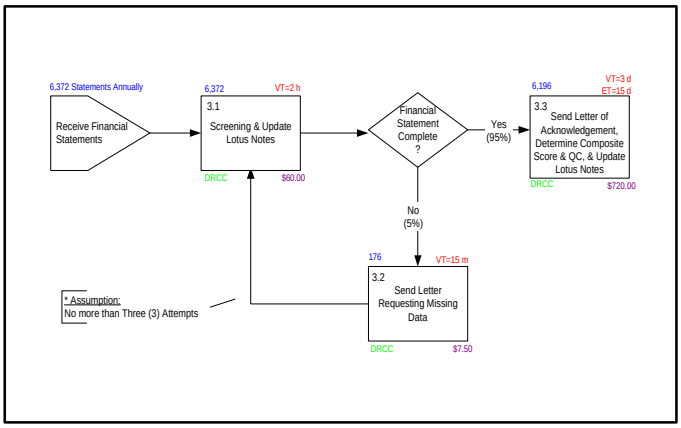
Description
Allow schools to submit financial statements electronically over the internet. Additionally, allow school auditors to submit audit information over the internet. Internet site will validate data upon entry and immediately identify missing information, which the schools and auditors can act upon. This will eliminate the current clearinghouse effort of forwarding documents to SFA from schools. This will also eliminate the current effort for screening incoming information. Schools can put licenses, supporting documents, verifications with accrediting agencies, etc. online so Case Teams can retrieve quicker. Schools are becoming more electronically enabled and demanding such capabilities (e.g., some schools currently use a solution by Epylon which allows simple, automated, online features to electronically access their supplier base, while continuing to meet audit and reporting requirements).

Cost Driver Impacts
- Increased customer satisfaction due to easier submission process
- Increased employee satisfaction due to more complete information
- Reduced unit costs due to reduced effort
- Reduced cycle times due to automation
- Reduced contractor costs

Difficulty of Implementation - - MEDIUM
- Requires implementation of new web technologies
- Consistent with Electronic Financial Statements effort
- Requires relational database
- Requires process changes
- Requires schools to be web enabled

Operational Savings: $4,000,000/year

Process Map



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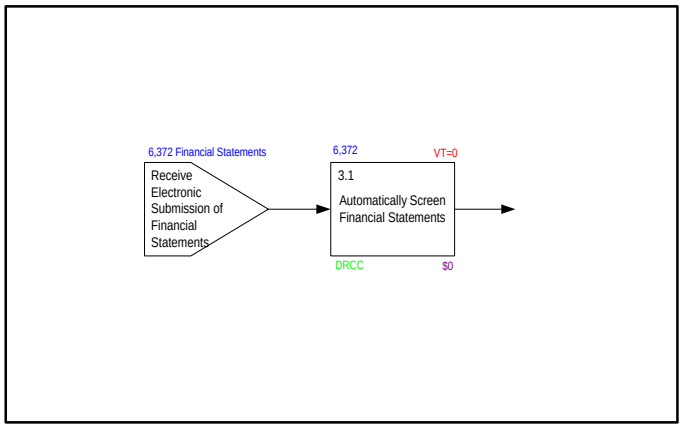

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Increased Process Effectiveness
1.1 Accept Statements and Audits on Web(continued)

Assumptions / Calculations

- Information is captured electronically (financial statements and audits from schools and auditors, respectively)
- Savings = (As-Is cost for screening and requesting additional information) – (To-Be cost for requesting additional information)
- As-Is audit cost = cost for screening audits + cost for obtaining additional information
- As-Is cost for screening audits = volume of audits * unit cost for screening audits and data entry = 6500 * $480
- As-Is cost for obtaining additional audit information = unit cost for requesting additional information * volume of audits needing additional information = $400 * 1136
- As-Is financial statement cost = volume of statements * unit cost of screening statements = 6372 * $60.
- To-Be audit cost = unit cost for requesting additional information * volume of audits needing additional information = $400 * 71
- To-Be financial statements cost = 0

Activity Unit Cost Calculations

- Assume annual loaded cost is $100,000 for AAAD, Case Team and $60,000 for DRCC
- Assume 50 weeks per year, 5 days per week, and 8 hours per day
- Thus, loaded hourly cost is $50 for AAAD, Case Team and $30 for DRCC
- Activity unit cost is loaded hourly rate times the value added time for each activity (e.g., activity 1.4 Case Management Meeting(s) requires three sub-team members attend for 2 hours; unit cost = ($50.00 * 3) * (2) = $300.00)

	As-Is Cost	To-Be Cost
Audits	$3,574,400	$28,400
Financial Statements	$382,320	$0.
Total	**$3,956,720**	**$28,400**

Increased Process Effectiveness
1.2 Electronic Imaging

Description
Currently, paperwork is initially assigned to case team members who maintain ownership until completion. Also, the workload tends to be unevenly distributed across teams. Implementing an electronic workflow system would allow quicker assignment and processing of work. Paper documents which arrive (e.g., completed requests for information, approval letters, etc.) would be scanned electronically and worked by the case team members until completion. The workflow system would hold all work in a central queue, prioritize it, and then route it to a case team member according to availability. This will allow broader management of resources and provide even distribution of the workload. This will also reduce cycle times because the work will reside in a single queue and be processed by potentially any case team member. Note that financial analysts would still perform all financial analysis. Scanning all documents electronically will also enable consolidation of arriving paperwork a single location, eliminating the need for multiple processing touch-points (note that SFA will soon implement an imaging capability designed to reduce the amount of paper processing).

Cost Driver Impacts
- Reduced cycle times
- Increased customer satisfaction
- Increased employee satisfaction

Difficulty of Implementation - - HIGH
- Requires implementation of new workflow management technologies
- Requires process reengineer to handle new workflow techniques

Operational Savings: $1,320,000/year

Assumptions / Calculations
- Total savings = (savings per region) * (number of regions)
- Number of regions is 10 not including Washington DC
- Washington DC assumed to have twice the clerical and copying activity compared to all regions combined
- DRCC file maintenance cost includes five contract staff at $60,000 per year each (loaded rate)
- Copying is done for 50,000 pieces of paper at $0.20 each (for each region)
- 50,000 pieces of paper from the 700 files maintained by DRCC for region IX alone
- Clerical handling done by a resource earning $30 per hour (loaded rate)
- Clerical handling resource works 800 hours per year (for each region)
- Savings from increased productivity are factored into the above savings
- More analysis of current workloads should occur to determine impact of savings

Type of Document Processing Cost	Annual Savings
DRCC file maintenance	$300,000
Copying	$300,000
Clerical Handling	$720,000
Total	**$1,320,000**

Increased Process Effectiveness
1.3 Electronic Correspondence/Notification Schools

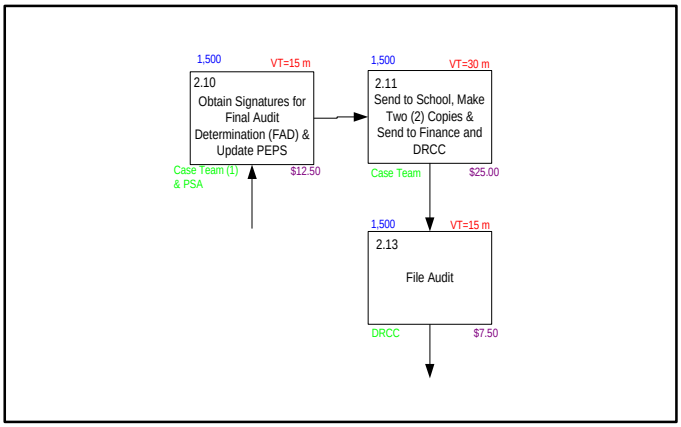
Description
Currently, Case Teams send numerous letters to schools (e.g., Program Participation Agreements (PPA) with transmittal letters, Countersigned PPAs with transmittal letters, acknowledgement letters, Final Audit Determinations, etc. to the president of institutions, etc.). Emailing schools instead of sending letters would accomplish the same objectives but reduce operating costs and improve cycle times due to faster communications. Instead of obtaining signatures and mailing PPAs/ECARs to Schools, send an electronic one page addendum with e-signature to schools identifying the period that they are certified for and when to reapply for recertification. The only times a new PPA would need to be printed would be in the event a President of the School changed or their status from Fully Certified to Provisional (or vice versa). This would save time, money and mailing costs. Email communications would consist of formats which cannot be modified (when necessary). For example, send ECAR or PPA to schools via email and put in image format (i.e., pdf file) so that it cannot be modified by the schools. Certified mailings must still occur, however.

Cost Driver Impacts
- Reduced unit costs due to reduced mailings
- Increased customer satisfaction

Difficulty of Implementation - - HIGH
- Advertise to schools about new communication approach
- Create and assemble documentation in useable format

Operational Savings: $1,110,000 /year

Process Map



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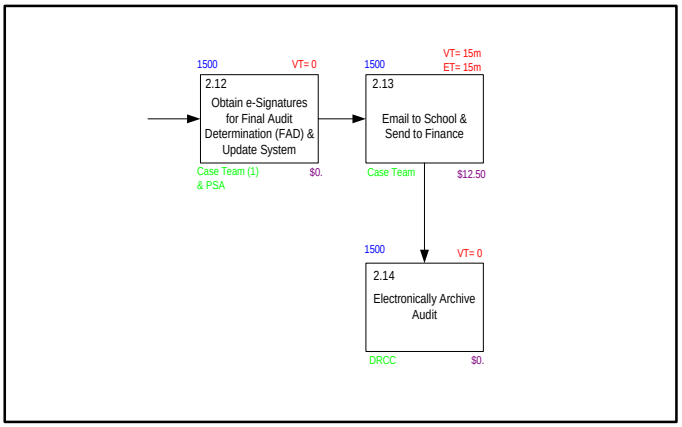

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Increased Process Effectiveness
1.3 Electronic Correspondence/Notification Schools

Assumptions / Calculations

- Total savings = (savings per region) * (number of regions)
- Number of regions is 10 not including Washington DC
- Washington DC assumed to have twice the clerical and copying activity compared to all regions combined
- Copying is done for 50,000 pieces of paper at $0.20 each (for each region)
- 50,000 pieces of paper from the 700 files maintained by DRCC for region IX alone
- Shipping costs include 750 mailings per year at a rate of $12 per shipping (for each region)
- Clerical handling done by a resource earning $30 per hour (loaded rate)
- Clerical handling resource works 800 hours per year (for each region)
- Savings from increased productivity are factored into the above savings
- More analysis of current workloads should occur to determine impact of savings
- Certified mailings not separated out of total costs provided; assumed small compared to overall volume

Type of Document Processing Cost	Annual Savings
Copying	$300,000
Shipping	$90,000
Clerical Handling	$720,000
Total	**$1,110,000**

Increased Process Effectiveness
1.4 Implement E-Signatures

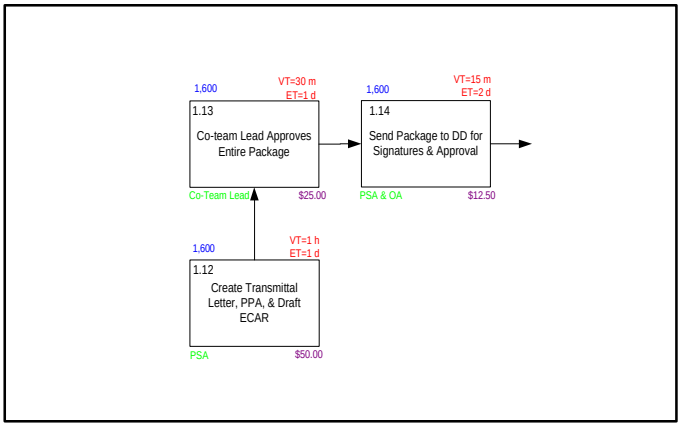
Description
Currently, a large amount of documentation requires approval signatures from various team leaders and supervisors. There are four types of approvals that typically occur are: sub-team, full team, co-team leader, and division leader. This increases the number of handoffs in the process, thus increasing delays (audit process particularly). Empowering Case Team members with e-signature capability will allow immediate approval of documentation without delay. To ensure quality, supervisors would randomly sample the documentation and fix potential problems earlier in the process lifecycle. In some instances, training of case team members may be necessary to ensure audits, if appealed by schools, will stand up on its own merits in a court of law. More analysis should be done to determine the proper level of monitoring by the co-team leader.

Cost Driver Impacts
- Reduced cycle times
- Increased customer satisfaction
- Increased employee satisfaction

Difficulty of Implementation - - MEDIUM
- Requires new technology implementation (will occur as part of another effort)
- Requires random sampling of packages/documents
- Some team leaders prefer more control over their processes
- Requires process for correcting mistakes earlier when caught during review

Operational Savings: $1,250,000/year

Process Map



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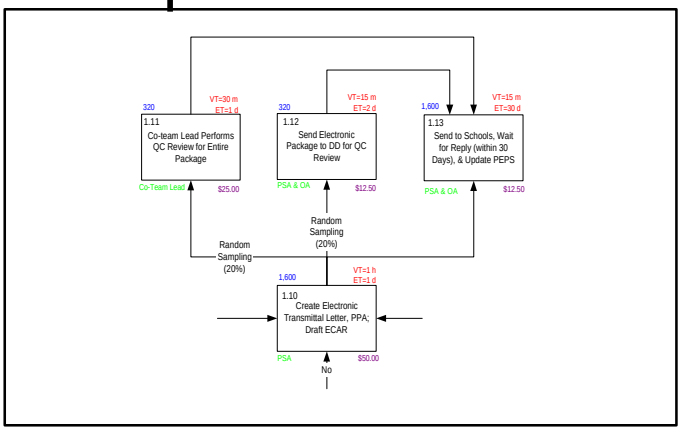

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Increased Process Effectiveness
1.4 Implement E-Signatures (continued)

Assumptions / Calculations

- Supervisors (directors, team leaders, etc.) all randomly sample 20% of packages/documents
- Savings = unit cost for supervisors to review * [(volume of as-is reviews) – (volume of to-be reviews)] + reduced cost due to elimination of paper processing
- see email Schools opportunity for details concerning reduced costs due to elimination of paper processing
- As-Is activities which include supervisor reviews: 1.13, 1.14, 1.17, 2.8, 2.10
- To-Be activities which include supervisor reviews: 1.11, 1.12, 2.9
- total savings likely underestimated due to process maps not capturing low enough level of detail, which would identify all approvals in the process
- E-App cost for supervisor reviews (As-Is) = unit cost * volume = $50. * 1,600 = $80,000
- Audit cost for Supervisor Reviews (As-Is) = unit cost * volume = $62.50 * 1,500 = $93,750
- E-App cost for Supervisor sampling reviews (To-Be) = unit cost * volume = $37.50 * 320 = $12,000
- Audit cost for Supervisor sampling reviews (To-Be) = unit cost * volume = $25. *280 = $7,000

	As-Is	To-Be
E-App Cost for Supervisor Reviews	$80,000	$12,000
Audit Cost for Supervisor Reviews	$93,750	$7,000
Subtotal (Review Costs)	**$173,750**	**$19,000**
Copying	$300,000	$0.
Shipping (paper)	$90,000	$0.
Clerical Handling	$720,000	$0.
Subtotal (Paper Processing)	**$1,110,000**	$0.
Total Cost	**$1,283,750**	**$19,000**

Increased Process Effectiveness
1.5 Accept Supporting Documents Electronically

Description
Implement capability which allows schools to submit information electronically (this effort has already started at SFA for Financial Statements) . Currently, the Program Review process is cumbersome due the inefficient method of processing documentation. Revise the management and workflow of Program Review documentation. Supporting technologies could automatically complete and file a larger portion which is currently done manually. This is a more efficient way of processing applications and could also reduces time for gathering E-App information.

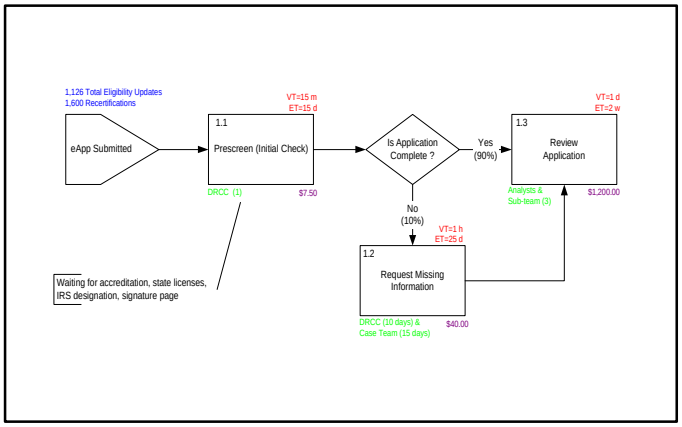
Allow schools to submit licenses, supporting documents, verifications with accrediting agencies, etc. online so Case Teams can process applications more timely. Enhance system to allow updating of individual Sections of the E-App by schools, rather than the entire application.

Cost Driver Impacts
- Increased customer satisfaction due to easier submission process
- Increased employee satisfaction due to more complete information
- Reduced unit costs due to reduced effort
- Reduced cycle times due to automation
- Reduced contractor costs

Difficulty of Implementation - - MEDIUM
- Requires implementation of new web technologies
- Requires process changes
- Requires schools to be web enabled

Operational Savings: $940,000/year

Process Map



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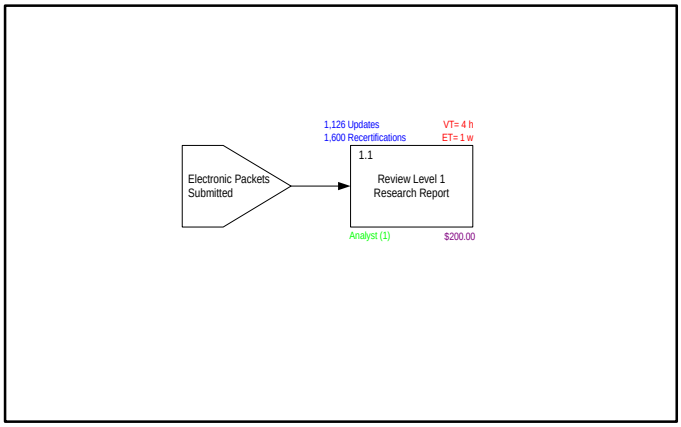

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Increased Process Effectiveness
1.5 Accept Supporting Documents Electronically (cont.)

Assumptions / Calculations

- Savings = (elimination of prescreening) + (elimination of requesting additional information) + (increase in FTE productivity for reviewing application)
- E-App volume includes eligibility updates, re-certifications, initial eligibility, and change in ownership
- Activity unit cost for requesting missing information is assumed the average between DRCC unit cost ($30.) and Case Team unit cost ($50.)
- Electronic application results in 25% increase in FTE productivity for reviewing application (2 hours)
- Three sub-team members review application at a loaded FTE unit cost of $50.00 per hour

Type of Savings	Volume	Unit Cost	Total Savings
Eliminate Prescreen Activity	3030	$7.50	$22,725
Cost for Requesting Missing Information	303	$40.00	$12,120
Productivity Increase for Reviewing E-App	3030	$300.	$909,000
Total Savings			**$943,845**

Increased Process Effectiveness
1.6 Centralize Data and Implement Workflow System

Description
Currently, updates such as school address changes are performed on multiple, redundant databases (i.e., NSLDS, GAPS, PELL, etc.). Replace multiple information systems with a single system accessible to all regions and customers. This will provide more accurate data and eliminate redundant updates.

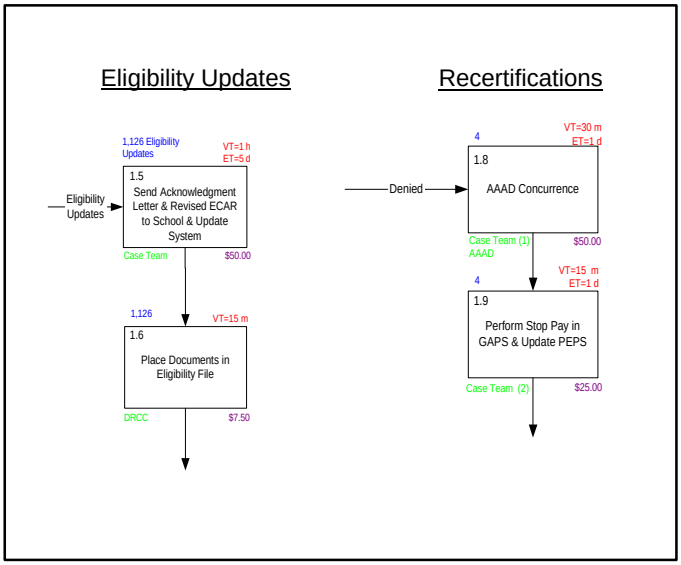
New system would also allow individual fields to be updateable by schools, rather than the entire record. Other valid fields which do not require changes by the school can be locked, allowing the case teams to partially work the application, rather than waiting for the school's deadline for updating their records.

Cost Driver Impacts
- increased employee satisfaction
- Increased customer satisfaction
- reduced unit costs
- reduced cycle times

Difficulty of Implementation - - MEDIUM
- Requires technology implementation

Operational Savings: TBD

Process Map



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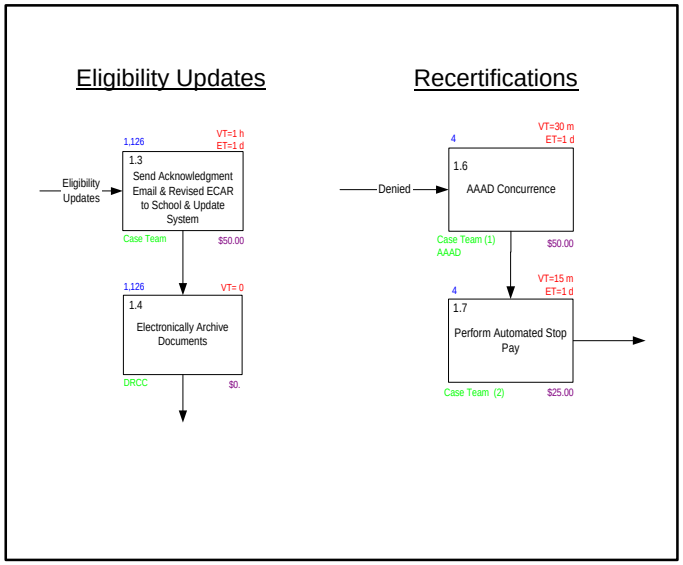

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Assumptions / Calculations
- More analysis is required to examine data entry activities in the process
- Process mapping details required to quantify savings were beyond the scope of this project

Improved Analysis Capabilities
2.1 Generate Level 1 Research Report

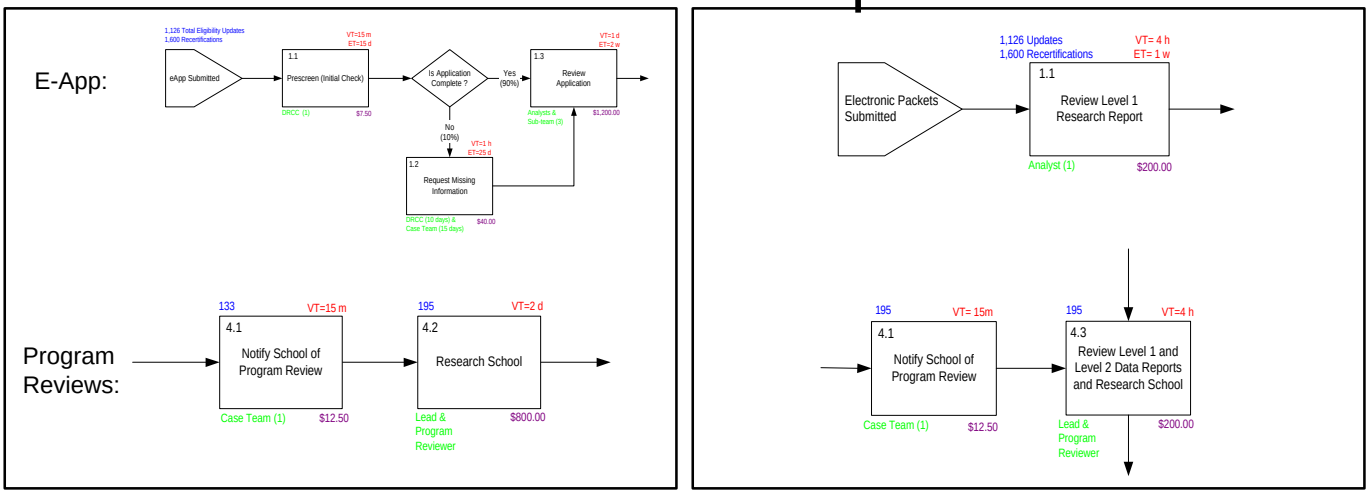
Description
Program reviews and E-App reviews require research from multiple systems, which consumes an unnecessary portion of Case Team time. Team members would benefit from a system that can generate a report that pulls all pertinent review information from various subsystems before the analyst begins their review. This will reduce the amount of analysis time by the Case Team members. Also, the report could automatically verify data and check for additional review criteria, such as flags and deficiencies.

Cost Driver Impacts
- increased employee satisfaction due to better research information
- reduced unit costs due to increased FTE productivity
- reduced cycle times due to increased FTE productivity
- Increased customer satisfaction due to reduced cycle time (earlier determination)

Difficulty of Implementation - - MEDIUM
- Implement programmatic capability to produce reports

Operational Savings: $2,800,000 /year

Process Map



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Assumptions / Calculations
- Time to review E-App reduced by 50%
- Volume of E-Apps is sum of re-certifications and eligibility updates = 1600 + 1126
- Time to research school reduced from 2 days to 4 hours
- Cost of reviewing E-Apps = volume of E-Apps * unit cost of reviewing (As-Is: 2726 * $1200, To-Be: 2726 * $200)
- Cost of Initial School research = volume of program reviews * unit costs of initial research (As-Is: 195 * $800, To-Be: 195 * $200)

	As-Is	To-Be
Cost of Reviewing E-App	$3,271,200	$545,200
Cost of Initial School Research	$156,000	$39,000
Total Cost	**$3,427,200**	**584,200**

Improved Analysis Capabilities
2.2 Partially Automate Analysis

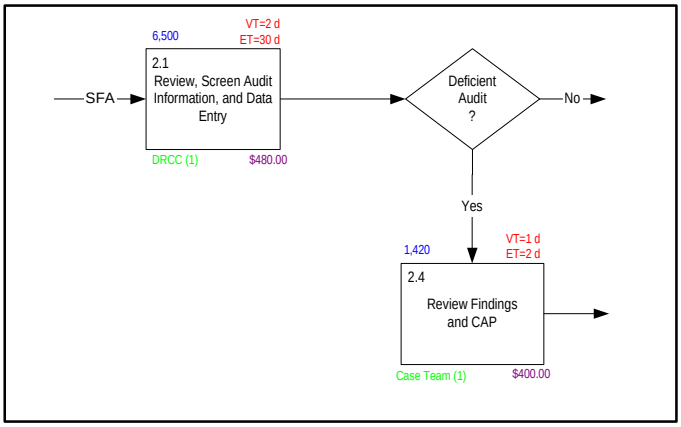
Description
A large portion of cost is due to the time it takes to perform analysis. Reduce number or effort of manual reviews by implementing a software tool which can scan audits and financial statements automatically and flag those requiring further (manual) review. Periodic monitoring and analysis of the tool should occur to ensure quality results are not sacrificed.

Cost Driver Impacts
- increased employee satisfaction due to better analysis information
- reduced unit costs due to increased FTE productivity
- reduced cycle times

Difficulty of Implementation - - MEDIUM
- Requires implementing advanced technology tools
- Requires training to utilize new software tools

Operational Savings: $2,500,000/year

Process Map



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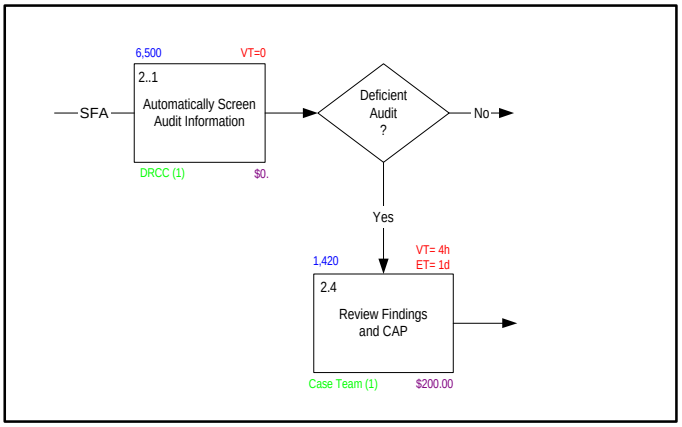

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Assumptions / Calculations
- Time to review audit findings reduced by 50%
- Same number of financial statements and audits are processed in As-Is and To-Be models
- Time for DRCC to send letter of acknowledgement, determine composite score, quality check and update lotus notes reduced from 3 days to 2 days
- Time to determine financial responsibility reduced by 50%

	As-Is	To-Be
Cost to determine composite score, QC, notify school, etc.	$4,461,120	$2,974,080
Cost to determine financial responsibility	$1,594,400	$797,200
Cost to review audit findings	$568,000	$284,000
Total Costs	**$6,623,520**	**$4,055,280**

Improved Analysis Capabilities
2.3 Evaluate Financial Statement Flags

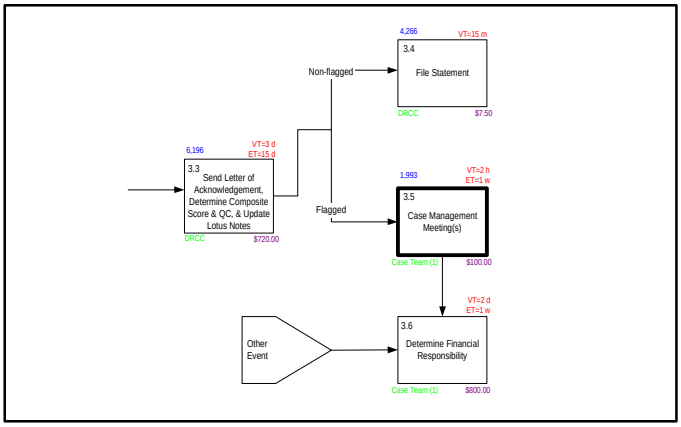
Description
Criteria for flagging financial statements could be evaluated. Eliminate the flags which have no bearing on the final outcome, such as change in auditors. This will reduce the number of financial statements which must be reviewed for financial responsibility (in FY'00, 615 financial statements were flagged solely for change in auditor status). Also, reduce technicalities, such as GAGAS/GAAS differences, that slow down Case Team analysis and don't impact final assessment. Allow the Case Team flexibility to document these non-critical issues and proceed with their analysis.

Cost Driver Impacts
- Reduced unit costs from reduced processing
- Increased employee satisfaction due to reduced effort

Difficulty of Implementation - - LOW
- Change in internal policy regarding flagging criteria
- Risk associated with capabilities of new auditor

Operational Savings: $560,000/year

Process Map



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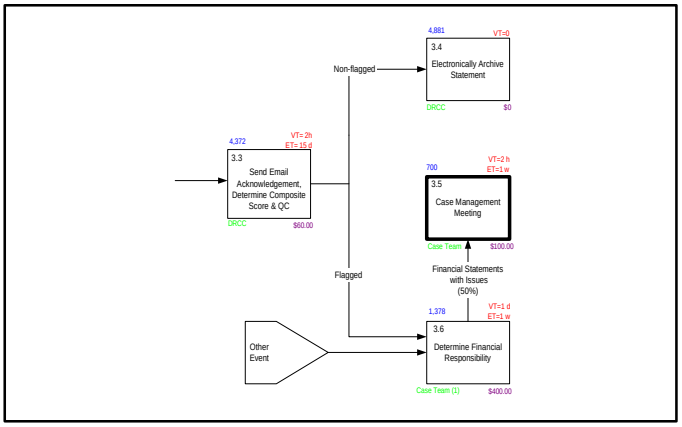

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Assumptions / Calculations
- Savings = (cost of analyzing flagged statements) – (cost of unflagged processing)
- 615 less financial statements are flagged in To-Be process
- All 615 financial statements flagged for review in As-Is process are financially responsible

	As-Is Cost	To-Be Cost
Case Management Meeting	$61,500	$0
Determine Financial Responsibility	$492,000	$0
Update PEPS/Archive Statement	$7,686	$4,613
Total Costs	**$561,188**	**$4,613**

Improved Analysis Capabilities
2.4 Provide Online Guide

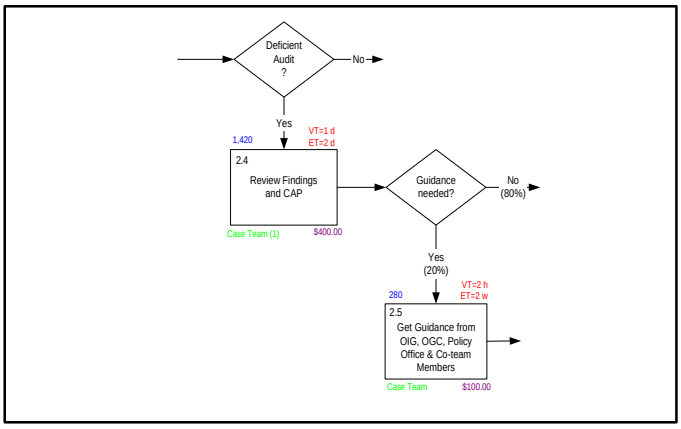
Description
Team members processing audits could have access to an online help guide. This help guide would consist of a central repository of audit regulations, supporting documentation, and perhaps a continuously updated list of helpful hints from previous experiences. Most importantly, though, this guide could have a search capability so that team members can quickly find relevant information for what they are researching, rather than manually search through a large electronic library. This guide could tap into the existing Code of Federal Regulations with a search engine. (Note that a program review guide is currently being drafted, which provides guidance for resolving different types of findings).

Cost Driver Impacts
- Increased employee satisfaction due to more effective sources of information
- Reduced unit costs due to reduced effort

Difficulty of Implementation - - MEDIUM
- Training for systems users
- Implementation of online technologies

Operational Savings: $300,000/year

Process Map



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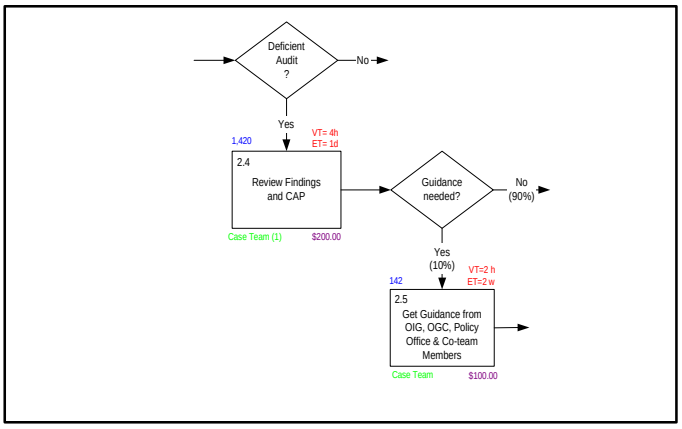

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Assumptions / Calculations
- Guidance needed from OIG, OGC, Policy Office and co-team members are all reduced from 20% to 10%
- Time to review findings is reduced by 50%
- Cost of reviewing findings = volume of deficient audits * unit cost of reviewing findings = (As-Is: 1420 * $400, To-Be: 142 * $100)
- Cost of getting guidance = volume of getting guidance * unit cost of getting guidance (As-Is: 280 * $100, To-Be: 142 * $100)

	As-Is	To-Be
Cost of Reviewing Findings	$568,000	$284,000
Cost of Getting Guidance	$28,000	$14,200
Total Cost	**$596,000**	**$298,200**

Increased Process Efficiency
3.1 Streamline Financial Review of Public Schools

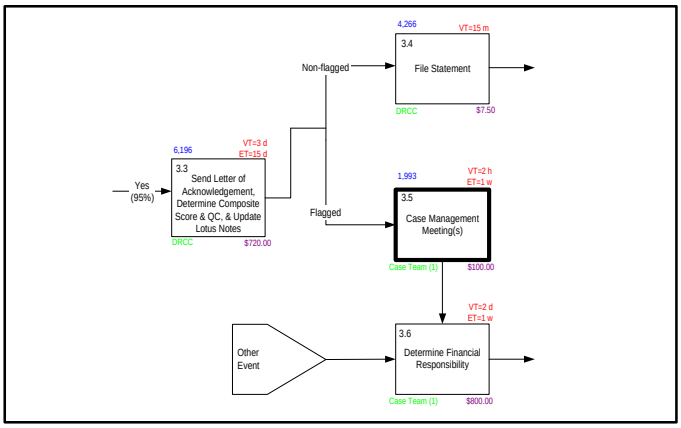
Description
Currently, public schools each submit a public letter which shows they are financially backed by their state. Eliminate the requirement of reviewing financial statements for these public schools. Just ensure their public letter is on file.

Cost Driver Impacts
- Reduced unit costs from less school processing
- Increased employee satisfaction from reduced effort

Difficulty of Implementation - - LOW
- Change internal policy for handling public schools

Operational Savings: $2,000,000/year

Process Map



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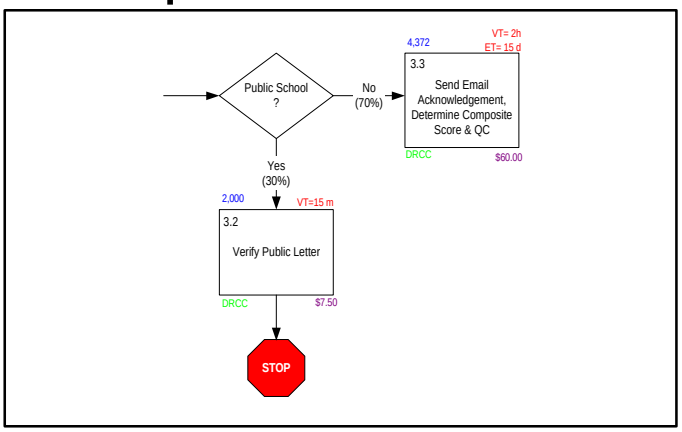

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Assumptions / Calculations
- 2000 public schools
- 1/3 are flagged in the As-Is process
- 100% are financially responsible, because they are backed by the credit of their state
- Savings likely underestimated because re-certification occurs every 6 years, thus an average 333 should arrive each year

Type of Cost	As-Is	To-Be
Determine Composite Score, QC, Send Letter, etc.	$1,440,000	$0
Case Management Meeting	$66,667	$0
Determine Financial Responsibility	$533,333	$0
Update PEPS	$8,333	$0
Verify Public Letter	$0	$25,000
Total Costs	**$2,048,333**	**$25,000**

Increased Process Efficiency
3.2 Streamline On-Site Program Reviews

Description
SFA executive leadership has requested 20% increases in on-site program reviews for the current and next fiscal years. However, the current program review process is over-complicated due to precautions against litigation. A large amount of the reporting and information gathered is redundant or not necessary. Reports could be combined or eliminated. The process also includes a large amount of paper handoffs (e.g., pre-travel forms, post-travel documentation, data entry sheets, etc.). Reduce handoffs to supervisors and finance appeals.

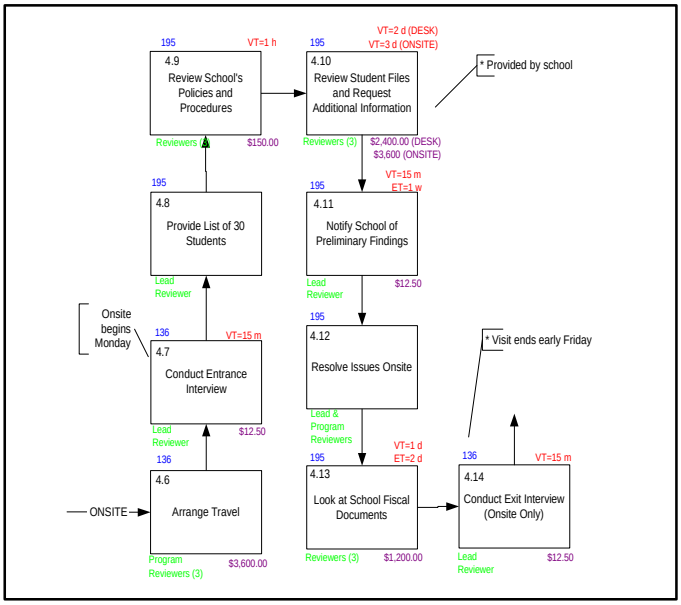
The majority of time spent on-site is for reviewing student records and resolving issues. Initially, the review team will promptly obtain a random sample of 30 student records from the school (allowing schools too much time would allow possibility of "doctored" records). They will then spend the next 2-3 days reviewing these student records. Sending a certified messenger (local to the school district) to retrieve and ship/fax records of 30 students back to office would allow the on-site time to be greatly reduced. The review team could desk review these records in the office, then spend a day on-site resolving issues (e.g., technical assistance, etc.). Another alternative is to allow the Case Team to determine if an on-site review is required while performing research during the desk review.

Cost Driver Impacts
- increased employee satisfaction
- Reduced unit costs due to less analysis done on-site
- reduced cycle times
- Congress encouraging more on-site reviews (COO wants increase of 20% this year and next year)

Difficulty of Implementation - - LOW
- Requires proper method of obtaining student records from school

Operational Savings: $830,000/year

Process Map



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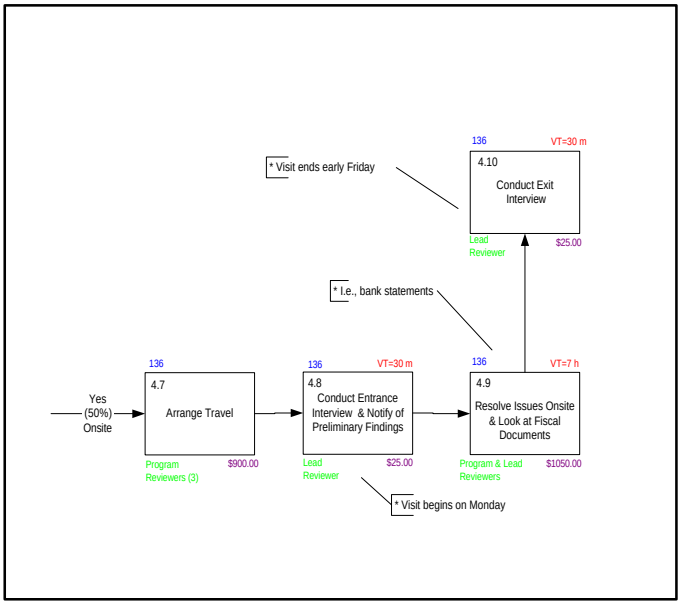


TO BE

Increased Process Efficiency
3.2 Streamline On-Site Program Reviews (continued)

Assumptions / Calculations

- Onsite reviews travel cost $1200 per person per trip
- Average of two people per trip
- As-Is notification to schools occurs 100% of time
- To-Be review of student files occurs during initial school research, before traveling on-site
- To-Be activity 4.3 (Review Level 1 and Level 2 Data Reports and Review School's Policies/Procedures) which includes a total unit cost of $800.00, is shown below in two different rows: “Research School/Review Student Files” ($650.00) and “Review School’s Policies/Procedures” ($150.00).
- Number of schools which have findings is the same for both As-Is and To-Be processes
- Volume of reviews is the same for both As-Is and To-Be processes (not shown this way in maps); cost savings are not calculated for expected increase of onsite reviews.
- Travel is reduced by 75% for on-site visits because duration of visit reduced from 5 days to 1 day
- Sending a certified messenger to school to retrieve 30 student files costs $500; more analysis should be done to determine appropriate method of retrieval and cost.
- Only investigating savings with on-site reviews, not desk reviews and not diverting on-site reviews to desk reviews
- Note that the estimated total cost for each on-site review is $13,000 and for each desk review is $8,000 (found by adding up the activity unit costs in the As-Is process map). For FY’00, where 136 on-site reviews were performed, a savings of **$650,000** would occur if they were done with desk reviews.
- Review School Policies included with Research School activity on process map; total unit cost is $800.

Activity	As-Is Cost	To-Be Cost
Notify School of Program Review	$12.50	$12.50
Send Certified Messenger to Retrieve 30 Students Records	$0.00	$500.00
Research School/Review Student Files	$4400.00	$650.00
Arrange Travel	$3600.00	$900.00
Conduct Entrance Interview and Notify of Findings	$25.00	$25.00
Review School’s Policies/Procedures	$150.00	$150.00
Resolve Issues/Look at Fiscal Docs.	$1200.00	$1050
Conduct Exit Interview	$12.50	$25.00
Complete Research	$3600.00	$3600.00
Total Unit Costs	**$13,000**	**$6,913**
Volume of On-Site Reviews	136	136
Total Cost	**$1,768,000**	**$940,100**

Increased Process Efficiency
3.3 Accelerate Re-Certification Process

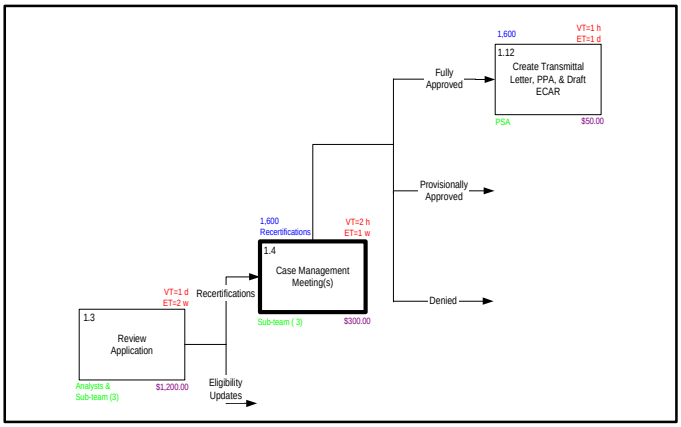
Description
Schools which were fully approved previously go through a reduced number of steps for re-certification. Example criteria for accelerated re-certification: probability score < 50, financial responsibility met, does not owe any outstanding program review liabilities, no significant complaints, no significant changes to E-App, etc. The accelerated re-certification will greatly reduce activity "1.3 Review Application" and eliminate activity "1.4 Case Management Meeting" from the process.

Cost Driver Impacts
- increased employee satisfaction
- reduced unit costs

Difficulty of Implementation - - HIGH
- Requires new policy changes
- Requires systems enhancements

- **Operational Savings: $560,000/year**

Process Map



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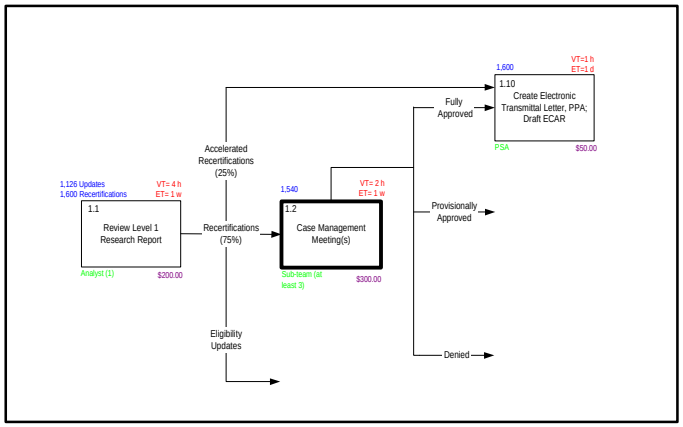


TO BE

Assumptions / Calculations
- Prescreen and requesting of missing information the same for As-Is and To-Be processes
- Savings = volume of applications meeting criteria * [(unit cost of Case Management Meeting) + (reduced unit cost for reviewing the application)
- Same volume of re-certifications for As-Is and To-Be processes (1,600)
- Assume 25% of total volume meet criteria for accelerated re-certification (400)
- Time to review application for accelerated re-certifications is reduced by 75% from 1 day (8 hours) to 2 hours
- Only one Analyst/Sub-Team member required to review application for accelerated re-certification
- Savings = 400 * [($300) + ($1200 - $100)] = 400 * $1,400 = $560,000

Increased Process Efficiency
3.4 Train AAAD for Audit Steps

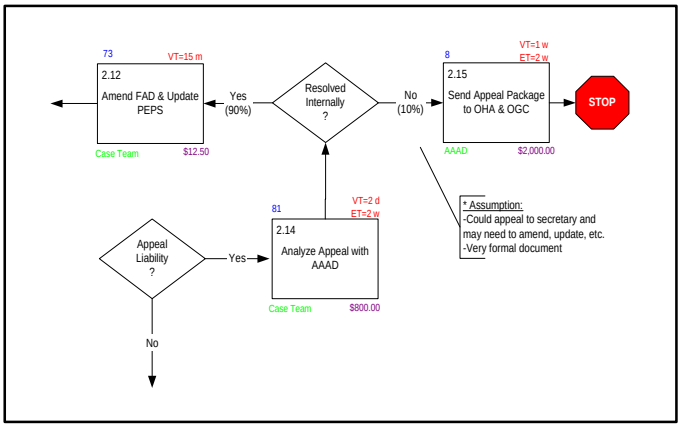
Description
Train AAAD to perform audit data entry and analyze school appeals (e.g., amend DDIF and ACDs). This will reduce the number of handoffs in the audit process, thus reducing time to resolve school appeals.

Cost Driver Impacts
- Reduced cycle times due to reduced handoffs
- Increased customer satisfaction due to reduced cycle times

Difficulty of Implementation - - LOW
- Train AAAD to perform function previously done by case team

Operational Savings: TBD

Process Map



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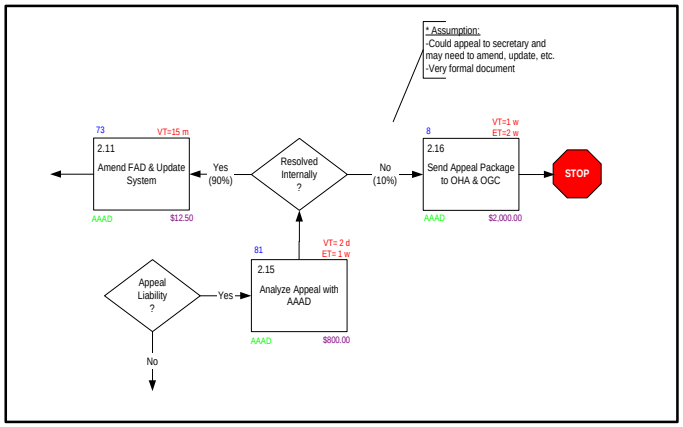

TO BE

Assumptions / Calculations
- AAAD is capable and willing to perform appeal analysis and data entry for audits

Increased Process Efficiency
3.5 Define Processes Across Case Mgt. Organization

Description
Processes are currently fragmented across the organization with most regional teams processing their own work differently. Case Teams could develop and maintain a usable set of process assets that improve process performance across the regions and provide a basis for cumulative, long-term benefits to the organization. These assets would describe the standard processes, life cycles and process tailoring guidelines and criteria. For example, team members could deviate from the standard process (tailoring) to meet their own needs, as long as they follow the process tailoring guidelines. Teams could continuously improve upon the standard set of processes (e.g., further decompose process models and analysis alternatives), thus benefiting all regions. The organization would store these assets in a central repository which is accessible by all team members. Also, process owners could be assigned, whose roles are:

- Innovator - designing the process and measuring performance
- Coach - enable process performers by acting as resource, not supervisor
- Advocate - represents the process in the organization

Cost Driver Impacts
- Increased employee satisfaction from better visibility to processes
- Increased customer satisfaction from customer focus by organization
- Reduced operating costs from continuous process improvement
- Increased collections from continuous process improvement

Difficulty of Implementation - - HIGH
- Requires organizational transformation
- process reengineering
- Budget and time allocated for

Operational Savings: TBD

Acronym List

Acronym	Meaning
AAA	Administrative Action Appeals
AAAD	Administrative Action Appeals Division
ABC	Activity Based Costing
ACD	Area Case Directors (within the regions are the top level of administrators)
ACD(2)	Audit Clearance Document
CAIRO	Correspondence and Instiutional ratio (Analysis) Operations (Lotus Notes Database used in the Financial Statement Process)
CAM	Client Account Manager
CAP	Corrective Action Plan
CIO	Change in Ownership
CMIS	Case Management Information System (recently integrated into PEPS)
CMO	Case Management and Oversight
COA	Cost of Attendance
COO	Chief Operating Officer
DDIF	Data Deficiency Input Form
DL	Direct Loan
DMA	Data Management and Analysis
DRCC	Document Receipt and Control Center
E-APP	Electronic Application
ECAR	Eligibility Certification Approval Report
ED	U.S. Department of Education
EDL	Expedited Determination Letter
EFA	Estimated Financial Assistance
EFC	Expected Family Contribution
ERM	Electronic Records Management
FAA	Financial Aid Administrator
FAC	Federal Audit Clearing House
FAD	Final Audit Determination
FAFSA	Free Application for Federal Student Aid
FAO	Financial Aid Officer
FDSL	Federal Direct Student Loan
FFEL	Federal Family Education Loan
FISAP	Fiscal Operations Report and Application to Participate in Campus-Based Actitvities
FISL	Federally Insured Student Loan
FPRD	Final Program Review Determination (format = letter)

Acronym List (continued)

Acronym	Meaning
FSEOG	Federal Supplemental Educational Opportunity Grant
FWS	Federal Work Study
GA	Guaranty Agency
GAPS	Grants and Payment System
HBCU	Historically Black Colleges and Universities
IFAP	Information for Federal Aid Professionals (Website)
IG	Inspector General
IPOS (Now CMO)	Institutional Participation Oversight Services Case Management and Oversight
IRS	Internal Revenue Service
ISIR	Institutional Student Information Record
LEAP	Leveraging Educational Assistance Partnership Program
LOC	Letter of Credit
LS&T	Limitation, Suspension or Termination
MPN	Master Promissory Note
NDSL	National Defense Student Loan Program (aka Federal Perkins Loan)
NSLDS	National Student Loan Data System
OA	Office Assistant
OGC	Office of General Council
OHA	Office of Hearnings and Appeals
OIG	Office of the Inspector General
PBO	Performance Based Organization
PEPS	Post-Secondary Educational Participants System
PIP	Performance Improvement Procedures
PLUS	Parent Loans for Undergraduate Students
PPA	Program Participation Agreement
PR	Program Review
PRCN	Program Review Control Number
PSA	Program Support Assistant
QC	Quality Check
SCE	Second Cut Editing
SEOG	Supplemental Educational Opportunity Grant
SFA	Student Financial Assistance
SLEAP	Special Leveraging Educational Assistance Partnership Program
SLMA	Student Loan Marketing Association (Website)
SSA	Social Security Administration
SSCR	Student Status Confirmation Report
SME	Subject Matter Expert